

TEACHERS' RETIREMENT BOARD

INVESTMENT COMMITTEE

SUBJECT: Activity Status Report
Credit Enhancement Program

ITEM NUMBER: 12

ATTACHMENT(S): 2

ACTION: _____

DATE OF MEETING: November 4, 1998

INFORMATION: X

PRESENTER(S): Mr. Rose

EXECUTIVE SUMMARY

STRS has closed on the following transactions: 1) \$13.1 million for the Fillmore Financing Authority, 2) \$7.5 million for the City of Fillmore Water District, and 3) \$5.1 million for Accurate Engineering. All three transactions are for Ventura County entities. STRS has wrapped banks for each of the transactions.

The proposed Norco Injection Molding of Chino, Ca (WRJ Investments) will not be doing an Industrial Development Bond. The proposed transaction reported last month for \$3.1 million has been canceled. The CMIG \$1.0 million confirming letter of credit has been redeemed.

The following transactions have already been reported and are expected to close in the near future:

- City of Mission Viejo & the Mission Viejo Community Development Authority, (\$33.9 million) through the Mission Viejo Community Development Finance Authority. STRS will wrap a bank.
- St. Vincent de Paul, San Diego, (\$8.5 million) through the California Statewide Communities Development Authority. STRS will wrap a bank.
- Terraces at Park Marino Project, (\$8.5 million) through the California Statewide Communities Development Authority. STRS will wrap a bank.
- Reliance Technical Services, Sunnyvale, Ca. (\$8.0 million) through the Association of Bay Area Governments (ABAG). STRS will wrap a bank.

STRS CREDIT ENHANCEMENT PROGRAM

PROGRAM SUMMARY AS OF OCTOBER 14, 1998

Transactions	Type	Closing Date	End of Commitment	STRS Commitment	Interest	Total Commitment	Fiscal 1998 - 9 Fee Income	Fee Income To Date
DIRECT RISK								
Port of Long Beach	Liquidity	Jun-94	Feb-00	\$75,000,000	\$0	\$75,000,000	\$52,123	\$199,135
Bridge - Richmond Townhomes	Expired. Redeemed as of February, 1997.							\$15,096
USA Waste Industries	Credit	Nov-94	Nov-99	\$9,764,121	\$0	\$9,764,121	\$30,513	\$211,412
Sanifill, Inc.	Expired. Redeemed as of Jan 19, 1995			\$0	\$0	\$0	\$43,809	\$87,618
San Diego Unified Port District (20)	Credit	Oct-97	Oct-02	\$35,000,000	\$1,365,243	\$36,365,243	\$6,472	\$31,725
San Diego Unified Port District (21)	Credit	Oct-97	Oct-02	\$15,000,000	\$585,104	\$15,585,104	\$6,472	\$19,225
Pasadena Parking Authority	Credit	Jan-98	Jan-03	\$9,909,167	\$0	\$9,909,167	\$15,552	\$20,822
Pasadena Rosebowl (22)	Credit	Jun-98	Jun-01	\$15,600,000	\$276,956	\$15,876,956	\$7,668	\$7,668
DIRECT RISK - SECURED								
Buck Research on Aging	Credit	Dec-96	Dec-99	\$27,500,000	\$397,808	\$27,897,808	\$47,349	\$323,628
BOND INSURED								
Adventist West	Credit	Feb-98	Feb-05	\$114,500,000	\$1,693,973	\$116,193,973	\$49,931	\$98,114
DIRECT PAY LETTERS OF CREDIT								
Pt. Loma College	Credit	Aug-96	Aug-00	\$25,000,000	\$369,863	\$25,369,863	\$35,103	\$326,176
City of Visalia (California)	Credit	Sep-96	Sep-01	\$3,490,000	\$72,286	\$3,562,286	\$11,660	\$43,736
LA Fairplex	Credit	Jul-97	Jul-01	\$17,900,000	\$698,224	\$18,598,224	\$25,573	\$136,915

CSCDA - IDB's
Series 1994B

Sheet1

Propak of California	Credit	Nov-94	Nov-01	\$3,210,000	\$71,763	\$3,281,763	\$0	\$45,177
J. Michelle/Edie Lee	Credit	Nov-94	Nov-01	\$2,840,000	\$63,492	\$2,903,492	\$0	\$47,607
Pasco Scientific	Credit	Dec-94	Dec-00	\$2,825,000	\$63,156	\$2,888,156	\$0	\$46,036
American River Packaging	Credit	Dec-94	Dec-00	\$1,765,000	\$39,459	\$1,804,459	\$0	\$29,012
Lance Camper Manuf.	Credit	Dec-94	Dec-00	\$3,835,000	\$85,736	\$3,920,736	\$0	\$56,026
CSCDA - IDB's								
Series 1989-90								
Intermountain Trading	Credit	Feb-95	Feb-01	\$320,000	\$7,154	\$327,154	\$473	\$7,699
Andercraft Products	Credit	Feb-95	Feb-01	\$850,000	\$19,003	\$869,003	\$1,512	\$24,419
Sunclipse, Inc. (Alhambra)	Credit	Feb-95	Feb-01	\$3,200,000	\$71,540	\$3,271,540	\$3,106	\$43,858
Sunclipse, Inc. (Union City)	Credit	Feb-95	Feb-01	\$2,135,000	\$47,730	\$2,182,730	\$2,132	\$32,560
Busseto Foods, Inc. (Rapelli of CA)	Credit	Mar-95	Mar-01	\$2,500,000	\$55,890	\$2,555,890	\$2,466	\$34,541
AHNNN, Inc.	Expired. Redeemed as of Sept-97.			\$0	\$0	\$0	\$0	\$9,416
Zarn, Inc.	Credit	Mar-95	Feb-01	\$970,000	\$21,685	\$991,685	\$1,187	\$20,817
Marcel & Marge Schurman	Credit	Mar-95	Feb-01	\$1,725,000	\$38,564	\$1,763,564	\$1,877	\$26,183
Charles & Loralie Harris	Credit	Mar-95	Feb-01	\$2,440,000	\$54,549	\$2,494,549	\$2,531	\$34,869
American Zettler	Credit	Mar-95	Mar-01	\$2,145,000	\$47,954	\$2,192,954	\$1,929	\$26,227
Aqua Serv Engineering	Credit	Mar-95	Mar-01	\$1,540,000	\$34,428	\$1,574,428	\$2,547	\$35,026
Contech Engineering Prod.	Credit	Mar-95	Mar-01	\$1,440,000	\$32,193	\$1,472,193	\$1,280	\$18,558
Evapco, Inc.	Credit	Mar-95	Mar-01	\$540,000	\$12,072	\$552,072	\$480	\$7,771
Florestone Products Co.	Credit	Mar-95	Mar-01	\$1,615,000	\$36,105	\$1,651,105	\$1,435	\$21,492
Grundfos Pumps Company	Credit	Mar-95	Mar-01	\$6,000,000	\$134,137	\$6,134,137	\$5,487	\$67,157
Instrument Specialities Co.	Credit	Mar-95	Mar-01	\$745,000	\$16,655	\$761,655	\$663	\$11,617
McCain Citrus	Credit	Mar-95	Mar-01	\$3,000,000	\$67,068	\$3,067,068	\$2,351	\$29,867
Mc Elroy Metal Mills, Inc.	Credit	Mar-95	Mar-01	\$660,000	\$14,755	\$674,755	\$536	\$11,071
NRI, Inc.	Credit	Mar-95	Mar-01	\$1,575,000	\$35,211	\$1,610,211	\$1,419	\$19,460
W & H Voortman, Inc.	Credit	Mar-95	Mar-01	\$2,520,000	\$56,338	\$2,576,338	\$1,959	\$26,440
Image Laboratories, Inc.	Expired. Redeemed as of Dec-96.			\$0	\$0	\$0	\$0	\$26,854
Allwire, Inc.	Credit	Mar-95	Mar-01	\$330,000	\$7,378	\$337,378	\$602	\$8,703
Fairway Molds, Inc.	Credit	Mar-95	Mar-01	\$660,000	\$14,755	\$674,755	\$1,335	\$19,153
S & P Investments	Credit	Mar-95	Mar-01	\$1,250,000	\$27,945	\$1,277,945	\$1,443	\$20,481

Sheet1

Northwest Pipe & Casing	Credit	Apr-95	Apr-01	\$3,250,000	\$72,658	\$3,322,658	\$3,043	\$45,814
Reliance Upholstery	Credit	Apr-95	Apr-01	\$300,000	\$6,707	\$306,707	\$633	\$8,987
Zieman Manufacturing	Credit	Apr-95	Apr-01	\$455,000	\$10,172	\$465,172	\$684	\$9,720
CSCDA - IDB's								
Series 1995A								
Carvin Corporation	Credit	Jun-95	Aug-01	\$2,420,000	\$54,102	\$2,474,102	\$2,438	\$35,495
Leegin Creative Leather Prod.	Expired. Redeemed as of Dec-97.			\$0	\$0	\$0	\$0	\$19,469
Kennerley-Spratling	Credit	Jun-95	Aug-01	\$3,065,000	\$68,522	\$3,133,522	\$3,028	\$42,637
Vantage Properties	Credit	Jun-95	Aug-01	\$1,690,000	\$37,782	\$1,727,782	\$1,770	\$24,135
BNG Properties, LLC	Expired. Redeemed as of Aug-96.			\$0	\$0	\$0	\$0	\$12,253
Staub Metals, Inc.	Credit	Aug-95	Aug-01	\$1,280,000	\$28,616	\$1,308,616	\$1,395	\$20,783
Aerostar Partners, Inc.	Credit	Sep-95	Sep-01	\$4,645,000	\$103,844	\$4,748,844	\$4,319	\$55,021
Walker Spring and Stamping Corp.	Credit	Sep-95	Sep-01	\$3,640,000	\$81,376	\$3,721,376	\$3,479	\$44,282
Encore Video, Inc.	Credit	Sep-95	Sep-01	\$780,000	\$17,438	\$797,438	\$987	\$11,325
EuroDesign Cabinets, Inc.	Credit	Sep-95	Sep-01	\$1,040,000	\$23,250	\$1,063,250	\$1,209	\$14,842
South Bay Circuits, Inc.	Credit	Sep-95	Sep-01	\$1,950,000	\$43,595	\$1,993,595	\$2,037	\$25,237
W & H Voortman, Inc.	Credit	Sep-95	Sep-01	\$1,080,000	\$24,145	\$1,104,145	\$1,269	\$14,549
Red Line Oil Co.	Credit	Nov-95	Nov-01	\$1,095,000	\$24,480	\$1,119,480	\$1,274	\$17,150
Johansen Dielectrics	Credit	Nov-95	Nov-01	\$2,700,000	\$60,362	\$2,760,362	\$2,426	\$35,313
Peet's Coffee	Credit	Dec-95	Dec-00	\$3,500,000	\$78,247	\$3,578,247	\$3,098	\$40,206
Safariland	Credit	Sep-96	Sep-01	\$4,000,000	\$82,849	\$4,082,849	\$2,684	\$22,528
Control Air Conditioning	Credit	Jun-97	Jun-01	\$5,000,000	\$111,781	\$5,111,781	\$5,295	\$40,279
CSCDA - IDB								
Series 1996M								
Cordeiro Vault Co., Inc.	Credit	Dec-96	Dec-00	\$1,130,000	\$25,262	\$1,155,262	\$1,470	\$11,862
CSCDA - IDB								
Series 1996M								
Fibrebond West, Inc.	Credit	Dec-96	Dec-00	\$8,000,000	\$178,849	\$8,178,849	\$7,616	\$63,538

CONFIRMING LETTERS OF CREDIT

Sheet1

Confirmation #1 Suncreek Apts.	Credit	Apr-96	Apr-01	\$6,800,000	\$78,247	\$6,878,247	\$8,693	\$110,929
Confirmation #2 CMIG LLC	Terminated as of August 28, 1998.			\$0	\$0	\$0	\$2,153	\$5,514
Confirmation #3 Monrovia Redevelopment Agency	Credit	Jan-98	Jan-01	\$8,600,000	\$229,727	\$8,829,727	\$8,847	\$28,541
Confirmation #4 & #5 First Class Foods / Alliance	Credit	Apr-98	Apr-03	\$3,750,000	\$55,479	\$3,805,479	\$0	\$5,708
Confirmation #6 Western Saw	Credit	Jun-98	Jun-03	\$3,600,000	\$53,260	\$3,653,260	\$1,867	\$7,347
Confirmation #8 Delta Tau Data Systems	Credit	Aug-98	Aug-01	\$5,800,000	\$85,808	\$5,885,808	\$8,829	\$8,829
Confirmation #9 Dix Metals	Credit	Sep-98	Sep-01	\$5,560,000	\$82,258	\$5,642,258	\$8,463	\$8,463
Confirmations #10 & #11 City of Fillmore	Credit	Sep-98	Sep-01	\$13,070,000	\$249,225	\$13,319,225	\$27,091	\$27,091
TOTAL:				\$499,498,287	\$8,604,215	\$508,102,502	\$487,074	\$3,147,211

STRS CREDIT ENHANCEMENT PROGRAM
BANK EXPOSURE
PROGRAM SUMMARY AS OF OCTOBER 14, 1998

Deal	Commitment	Interest	Total	Portfolio Percentage
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PARTNER INSTITUTION

Port of Long Beach

Canadian Imperial Bank of Commerce (CIBC)	\$75,000,000	\$0	\$75,000,000	15.02%
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Buck Research Center on Aging
(CIBC)

\$27,500,000	\$397,808	\$27,897,808	5.51%
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USA Waste Industries

Bank of California	\$9,764,121	\$0	\$9,764,121	1.95%
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San Diego Unified Port District
(CIBC)

\$35,000,000	\$1,365,243	\$36,365,243	7.01%
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San Diego Unified Port District
(CIBC)

\$15,000,000	\$585,104	\$15,585,104	3.00%
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Pasadena Parking Authority
(CIBC)

\$9,909,167	\$0	\$9,909,167	1.98%
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Pasadena Rose Bowl
(CIBC)

\$15,600,000	\$276,956	\$15,876,956	3.12%
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TOTAL - PARTNER INSTITUTIONS	\$187,773,287	\$2,625,111	\$190,398,398	37.59%
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DIRECT FINANCIAL INSTITUTION EXPOSURE

MBIA	\$114,500,000	\$1,693,973	\$116,193,973	22.92%
Union Bank of California, N.A.	\$49,205,000	\$1,057,065	\$50,262,065	9.85%
Long Term Cr Bank of Japan	\$25,000,000	\$369,863	\$25,369,863	5.01%
Tokai Bank	\$17,900,000	\$698,224	\$18,598,224	3.58%
Bank of America	\$17,195,000	\$384,414	\$17,579,414	3.44%
Sanwa Bank of California	\$15,850,000	\$312,302	\$16,162,302	3.17%
City National Bank	\$11,940,000	\$194,719	\$12,134,719	2.39%
Wells Fargo Bank	\$8,840,000	\$197,628	\$9,037,628	1.77%
General Bank	\$8,600,000	\$229,727	\$8,829,727	1.72%
First Commerce Bank	\$8,000,000	\$178,849	\$8,178,849	1.60%
US Bank of California	\$6,800,000	\$78,247	\$6,878,247	1.36%
Bank of Nova Scotia	\$6,600,000	\$147,551	\$6,747,551	1.32%
Imperial Bank of California	\$4,000,000	\$82,849	\$4,082,849	0.80%
Pacific Century Bank, N.A.	\$3,600,000	\$53,260	\$3,653,260	0.72%
The Fuji Bank, Limited	\$3,490,000	\$72,286	\$3,562,286	0.70%
Istituto Bancario San Paolo Di Torino Spa	\$2,500,000	\$55,890	\$2,555,890	0.50%
Comerica Bank	\$1,950,000	\$43,595	\$1,993,595	0.39%
Mellon Bank	\$1,440,000	\$32,193	\$1,472,193	0.29%
Fleet Bank	\$1,280,000	\$28,616	\$1,308,616	0.26%
Societe Generale	\$970,000	\$21,685	\$991,685	0.19%
CoreStates Bank	\$745,000	\$16,655	\$761,655	0.15%

Sheet1

National Bank of Canada	\$660,000	\$14,755	\$674,755	0.13%
1st Business Bank	\$660,000	\$14,755	\$674,755	0.13%

<i>TOTAL - FINANCIAL INSTITUTIONS</i>	<i>\$311,725,000</i>	<i>\$5,979,104</i>	<i>\$317,704,104</i>	<i>62.41%</i>
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<i>TOTAL EXPOSURE</i>	<i>\$499,498,287</i>	<i>\$8,604,215</i>	<i>\$508,102,502</i>	<i>100.00%</i>
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